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CURRENT SER. 1 RECORDS

# **COSTS and RETURNS**



**Western  
Livestock  
Ranches**

1967

## FARM COSTS AND RETURNS STUDIES

This report is part of a continuing nationwide study of costs and returns on commercial farms and ranches by type and size in some of the important farming regions of the United States. The study is conducted under the general supervision of Wylie D. Goodsell, Farm Production Economics Division, Economic Research Service. Objectives, methodology, procedure, and terms are uniform for all areas covered in the study.

The 1967 costs and returns studies have been conducted on the following:

- Dairy Farms, Northeast and Midwest
- Corn Belt Farms
- Egg-Producing Farms, New Jersey
- Broiler Farms, Maine, Delmarva, and Georgia
- Cotton Farms
- Tobacco Farms, Coastal Plain, North Carolina
- Tobacco-Livestock Farms, Bluegrass Area, Kentucky and Pennyroyal Area, Kentucky-Tennessee
- Wheat Farms, Plains and Pacific Northwest
- Western Livestock Ranches

Summary statistics for all types of farms in the study are presented in a report, revised annually. The latest such report was published in 1967 and is titled: "Farm Costs and Returns, Commercial Farms, by Type, Size, and Location," Agriculture Information Bulletin, No. 230, Revised 1967.

Information on the studies can be obtained from Farm Production Economics Division, Economic Research Service, U.S. Department of Agriculture, Washington, D.C. 20250.

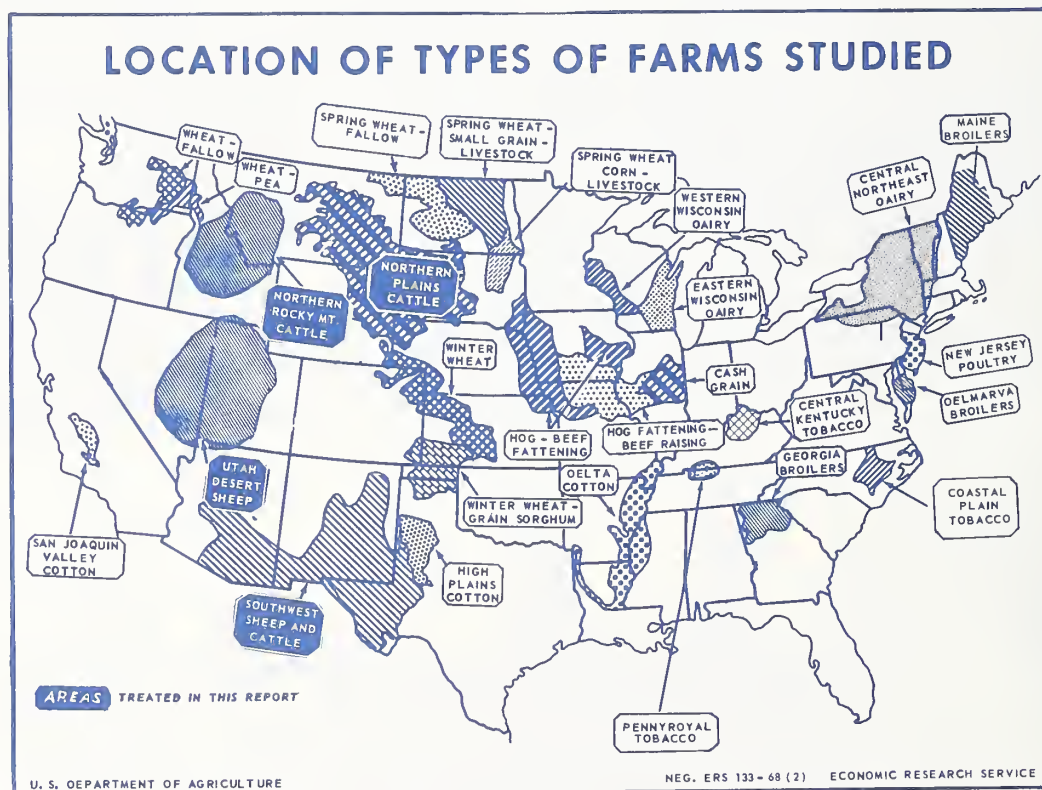


Figure 1

# **COSTS AND RETURNS WESTERN LIVESTOCK RANCHES, 1967**

By Wylie D. Goodsell, James R. Gray, and Macie J. Belfield<sup>1</sup>

## **SUMMARY**

Western cattle and sheep ranchers in four important producing areas in the United States operated under extremely varied conditions in 1967 and obtained widely different results (figs. 1 and 2). Of five important statistical summary measures of economic and physical conditions presented here--net ranch production, range conditions, prices received, prices paid, and net ranch income--only one moved in the same direction from 1966 to 1967 for all groups of ranches. Prices paid for items and services used in production increased from 1966 to 1967 on all ranches. Prices of these items have risen year by year on these ranches and the increase from 1966 to 1967 ranged from approximately 2 percent on Northern Plains cattle ranches to more than 7 percent on Rocky Mountain cattle ranches.

Range conditions and net ranch production improved from 1966 to 1967 on cattle ranches in the Northern Plains and the Rocky Mountain area and on sheep ranches in western Utah and east-central Nevada. In contrast, range conditions were less favorable on cattle and sheep ranches in the Southwest and net ranch incomes were lower in 1967 than a year earlier (fig. 3). Prices received for livestock on these ranches increased in 1967 but were not high enough to offset the effects of a poor production year.

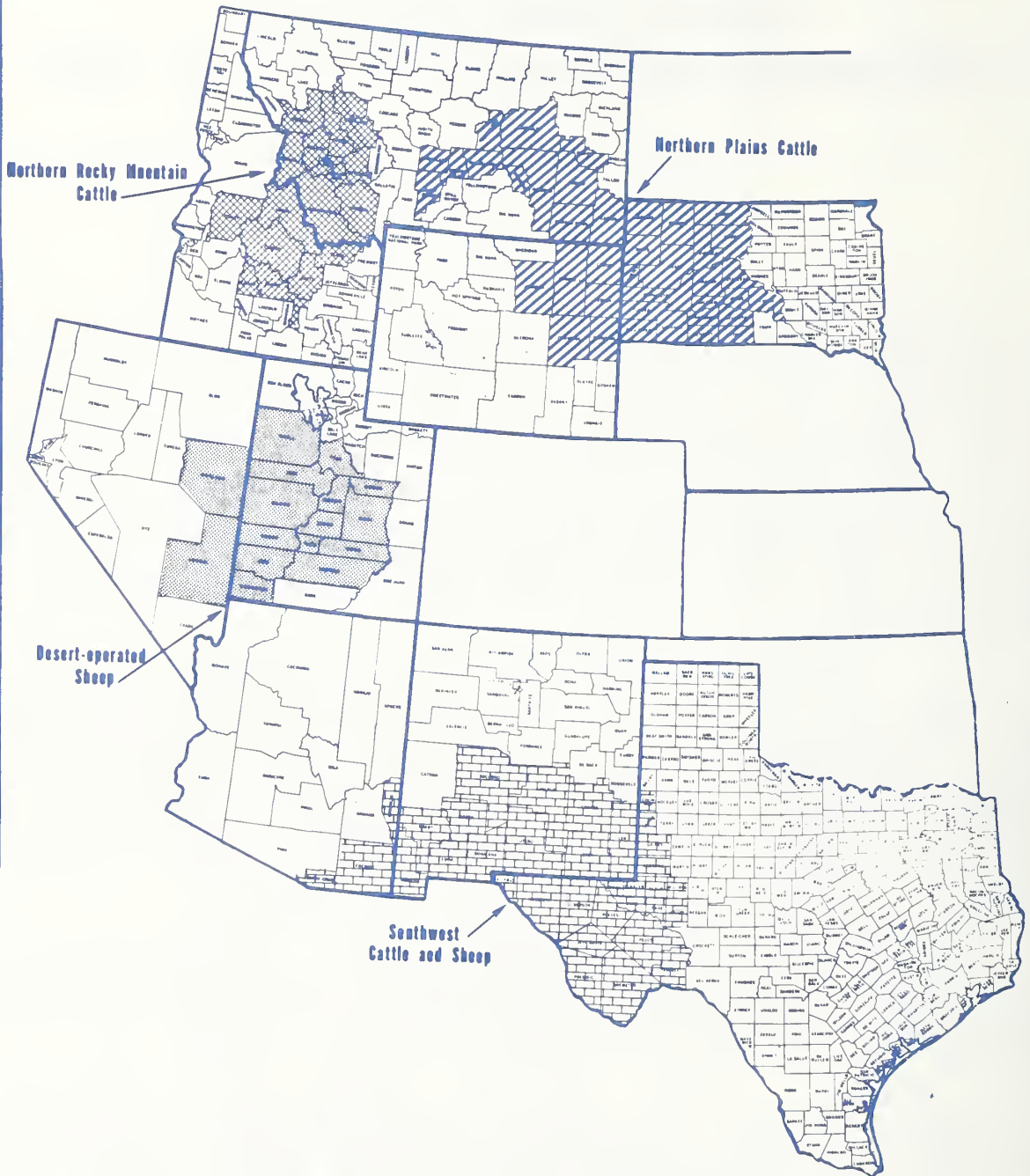
Compared with 1957-59, net ranch production, prices received, and prices paid averaged higher in 1967 on all ranches. In only one area, Utah-Nevada, were range conditions in 1967 improved from those in 1957-59.

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# LOCATION OF RANCHES STUDIED

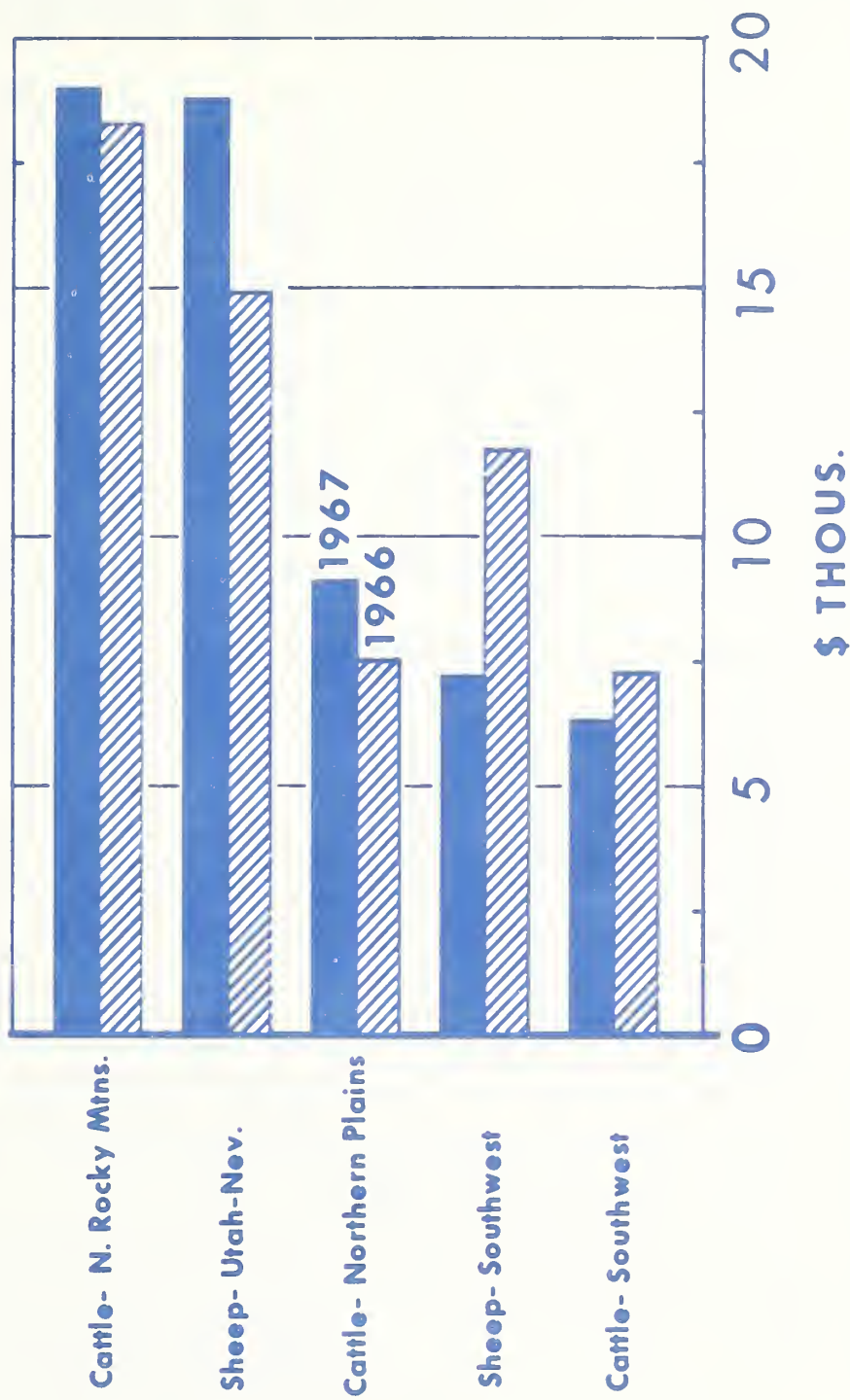


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NEG. ERS 5515-68(2) ECONOMIC RESEARCH SERVICE

Figure 2

# NET RANCH INCOME: WESTERN LIVESTOCK RANCHES



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Net ranch incomes for 1966 and 1967, the averages for 1957-59, and percentage changes in incomes for these Western livestock ranches were as follows:

	Percentage change--				
	Average			1957-59	1966
	1957-59	1966	1967	to	to
				1967	1967
Cattle Ranches:					
Northern Plains.....	\$5,249	\$7,549	\$9,108	74	21
Northern Rocky					
Mountain .....	<sup>1</sup> 12,196	18,347	19,065	56	4
Southwest .....	7,410	7,293	6,312	-15	-13
Sheep Ranches:					
Utah-Nevada .....	13,667	14,963	18,853	38	26
Southwest .....	9,498	11,778	7,216	-24	-39

<sup>1</sup> For cattle ranches in the Northern Rocky Mountain area, the average is for 1959-61.

## CATTLE RANCHES

### Northern Plains

On cattle ranches in the Northern Great Plains, the unfavorable production conditions of 1966 continued into the spring of 1967. Conditions in the spring were especially poor in Wyoming, where a severe blizzard struck in late April. But starting in June, favorable moisture conditions, combined with favorable temperatures, provided abundant summer and fall forage in the area, and ranchers had a very good production year. In many ways, the conditions of 1967 were the reverse of those in 1966. Spring calving conditions were favorable in 1966 and unfavorable in 1967. Fall livestock market weights were unfavorable in 1966 and favorable in 1967.

On the average, prices received for products from Northern Plains cattle ranches in 1967 were less favorable than those in 1966 but more favorable than prices received in 1957-59 (table 1). Prices paid for

production inputs by these cattle ranchers in 1967 reached a record high.

Because of the severe winter of 1966-67, ranchers were forced to feed heavily and feed inventories were reduced. With favorable range conditions in the last half of 1967, ranchers held total herd numbers near the January level. Cow numbers increased slightly while numbers of replacement heifers decreased proportionately. In total, however, cattle numbers on these ranches leveled off in 1967.

Acreages of grain crops, except barley, were increased in 1967. There was also a substantial increase in the acreage of wild hay. Yields also increased for all crops, except for a slight decrease in corn yields. The acreage of grain crops cut for hay was less than a half of that cut in 1966. Because of more favorable growing conditions and less demand for roughage in 1967, ranchers cut relatively little small



grain for hay. Feed inventories were increased in 1967, despite the heavy feeding early in the year.

Calves were sold at relatively heavy weights in the fall of 1967 and more calves were sold than in 1966. The slight reduction in calving percentage was more than offset by a larger breeding herd. Cash receipts for cattle in 1967 increased substantially from those received in 1966, even though ranchers sold both calves and mature animals at about the same prices as those received in 1966. Receipts from sales of wheat increased in 1967, chiefly because of higher yields and increased acreages.

The increased acreages and yields on these ranches contributed significantly to the record-high production in 1967. Expenditures for feed increased because of a relatively small carryover from 1966, forcing some ranchers to buy feed in the spring of 1967. The uncertainty of livestock prices and grazing conditions prevailing in the spring continued throughout 1967 and was reflected in reduced spending for several items. Fewer replacement animals were bought, and new machinery purchases were deferred. Severe weather in the spring damaged range improvements, and ranchers increased expenditures for these items in 1967. Although attempts were made to hold down total cash expenditures, price increases were notable and caused a small overall rise in cash expenditures. Ranchers hired slightly more labor in 1967 than in 1966, but continued to supply most of the needed ranch labor from the ranch family. Total ranch expenditures were only slightly higher than in 1966.

Net increases in production, rather than in prices received for products sold, were responsible for

improved incomes of Northern Plains cattle ranchers in 1967. Crop production and range conditions improved in the summer and fall of 1967, and total production per ranch increased nearly 17 percent from a year earlier and was record high. Gross ranch income was up 11 percent from 1966 to 1967. As a result, net ranch incomes averaged about 20 percent higher in 1967 than a year earlier.

## Northern Rocky Mountain<sup>2</sup>

Net ranch incomes in 1967 to operators of cow-calf ranches in southwestern Montana and east-central Idaho were the highest since 1959, the first year covered in this study. Net returns in 1967 exceeded those of a year earlier by nearly 4 percent and those for 1959-61, by approximately 56 percent (table 1).

Of the several factors responsible for the record return on these ranches, the chief ones were favorable weather and improved crop production in 1967. By coincidence, the number of cows and heifers calving, the calving percentages, and the number of calves marketed were the same in 1966 and 1967. The number of older animals sold was substantially the same in both years, as were weights of animals marketed. Although prices received

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<sup>2</sup> This is a new series and is representative of a segment of livestock ranching in an important cattle raising area in the United States. In this area, comprised of 13 counties, are nearly 20 percent as many cows and heifers of breeding age as in the State of Montana, around 45 percent as many as in either Idaho, Wyoming, New Mexico, or Washington, and approximately 80 percent as many as in Arizona, Utah, or Nevada. Approximately 35 percent of the breeding stock in the Northern Rocky Mountain area are in the size range represented by this series.

Table 1.--Costs and returns, Western cattle ranches, 1966 and 1967

Item	Unit	Northern Plains		Northern Rocky Mountain		Southwest	
		1966	1967 1/	1966	1967 1/	1966	1967 1/
Land in ranch.....	Acre	4,510	4,520	5,900	5,900	11,660	11,670
Livestock on ranch:							
All cattle.....	Number	182	187	403	406	232	252
Cows and heifers, 2 years old and over....	do.	113	121	303	303	148	153
Calf crop.....	Percent	85	84	95	95	85	83
Total ranch capital, Jan. 1.....	Dollar	101,150	110,760	288,640	292,690	205,420	212,500
Land and buildings.....	do.	60,540	66,590	199,400	201,010	167,540	168,000
Livestock.....	do.	28,370	31,610	63,950	64,900	30,020	34,900
Machinery and equipment.....	do.	8,270	8,210	16,080	17,030	5,900	6,650
Crops.....	do.	3,970	4,350	9,210	9,750	1,960	2,950
Total cash receipts.....	do.	14,635	16,198	37,417	37,334	14,193	18,202
Crops.....	do.	1,090	1,424	---	---	---	---
Cattle.....	do.	12,950	14,080	37,417	37,334	13,824	17,972
Other livestock and livestock products.....	do.	395	444	---	---	119	80
Other, including Government payments.....	do.	200	250	---	---	250	150
Value of perquisites.....	do.	1,141	1,149	1,056	1,063	792	791
Inventory change:							
Livestock.....	do.	903	470	285	940	2,342	-945
Crops.....	do.	-367	305	-959	2,101	292	-159
Gross ranch income.....	do.	16,312	18,122	37,799	41,438	17,619	17,889

Total cash expenditures.....	Dollar	:	8,667	8,942	19,527	22,478	10,529	11,071
Feed and grazing fees.....	do.	:	672	1,073	2,915	4,845	2,040	3,239
Livestock purchased.....	do.	:	1,429	947	1,445	1,430	1,425	1,222
Other livestock expense.....	do.	:	187	197	97	100	155	154
Crop expense.....	do.	:	35	51	844	957	7	5
Machinery purchased.....	do.	:	1,624	1,542	2,533	2,691	1,666	1,201
Other machinery expense.....	do.	:	1,404	1,551	2,117	2,167	1,429	1,483
Ranch buildings and fences.....	do.	:	591	691	485	525	800	600
Labor hired.....	do.	:	1,167	1,280	5,034	5,313	1,086	1,188
Taxes.....	do.	:	1,104	1,114	3,860	4,256	1,354	1,379
Other.....	do.	:	454	496	197	194	567	600
Inventory adjustment:		:						
Buildings and fences.....	do.	:	-40	22	-60	-85	129	311
Machinery and equipment.....	do.	:	136	50	-15	-20	-332	195
Gross expense.....	do.	:	8,763	9,014	19,452	22,373	10,326	11,577
Net ranch income.....		:	7,549	9,108	18,347	19,065	7,293	6,312

Ranch production and price indexes (1957-59 = 100)

Net ranch production.....	---	:	119	139	2/120	2/128	113	110
Range condition.....	---	:	92	95	2/96	2/102	101	95
Prices received for products sold.....	---	:	110	108	2/111	2/111	105	107
Prices paid, including wages to hired labor..	---	:	105	107	2/107	2/115	122	126

1/ Preliminary. 2/ 1959-61 = 100.

Note: The information presented here is on an owner-operator basis primarily for comparability between types of ranches. Net ranch income is the return to operator and unpaid members of the family for their labor and management on the ranch and return to total capital. No allowance has been made for payment of rent, interest, or mortgage.



for cattle and calves sold differed slightly by class in the 2 years, the overall average was the same. As a result, receipts from livestock averaged slightly over \$37,000 per ranch and differed by less than \$100 from 1966 to 1967. The index of prices received for livestock was 111 percent of 1959-61 in both years.

Because of the relatively good growing season in 1967, particularly in the southern portion of the area, crop yields were record high. These ranchers grow mainly hay with a limited acreage of small grains, grown mostly as a nurse crop. They always buy some hay to carry their breeding herds through feeding periods. The feeding period on these ranches generally begins in December and continues well into April. Therefore, most of the feed for this feeding period comes from the previous year's production or must be purchased. But because of the record production of hay in 1967--20 percent above a year earlier--ranchers carried more hay into the 1967-68 winter feeding season. Thus, gross ranch income was nearly 10 percent higher in 1967.

As winter grazing is negligible in this area, livestock are fed hay for a period of 4 to 6 months. Therefore, the quantity of hay required to carry the breeding herd through the winter is substantial. Heifers calving for the first time normally receive a supplementary feeding of grain or other concentrates for a few weeks prior to calving. A few other animals may also receive a light feeding of grain in some years, but this is usually not significant. Feed expenditures were relatively high in 1967 because the carryover from the year before was comparatively small. The carryover into the 1967-68 feeding period, however, was relatively large.

These ranchers do not have sufficient private grazing land to carry their livestock, so they depend on national forest, Bureau of Land Management-administered land, and State-owned lands for much of their grazing. Grazing fees average nearly \$1,000 per ranch each year. Labor is also an important expenditure on these ranches. Wage rates were higher in 1967, as were prices and cost rates of most other production inputs. Prices and cost rates averaged about 7 percent higher than in 1966 and, because of a higher volume of inputs purchased, total expenses were approximately 15 percent higher in 1967.

## Southwest

The favorable range conditions in the Southwest in 1966 continued into the winter of 1966-67 in most of the area. Starting in March 1967 in Texas, April in Arizona, and May in New Mexico, unfavorable conditions were reported through the remainder of the spring and into the summer. However, general rains occurred in New Mexico in the latter part of June, and in July and August in the other two States. Generally favorable conditions were reported for the remainder of 1967 in all areas, and ranchers in the Southwest ended the year with excellent supplies of range forages.

In 1967, calf crop percentages on Southwestern cattle ranches were slightly under the record high of 1966, and marketing weights were moderately less than those reported in 1966. Generally, cattle made slow starts in 1967 because of the cold, dry spring. Prices received for cattle were fractionally higher in 1967 than in 1966. Despite the favorable year-end conditions and prices that were comparable to those received in 1966, many ranchers felt they were overextended and reduced



herd numbers during 1967. The cow number decline was partially offset by the increase in beef heifer numbers. However, more calves than usual were sold in 1967, and both bull and steer calf numbers were cut sharply. Credit conditions tightened and many ranchers were forced to sell more livestock than usual to meet their credit obligations.

The investment in Southwestern cattle ranches rose less in 1967 than in several preceding years, as land prices increased very little. Most of the increase in investment per ranch occurred because of higher inventory values for livestock.

Cash receipts in 1967 on these ranches were 28 percent higher than in 1966, as ranchers began a liquidation of the long buildup in livestock numbers (table 1). Gross incomes remained relatively unchanged because of lower inventories at yearend.

The relatively large feed expenditures in 1967 overshadowed expenditures in other categories. In the tight credit situation, ranchers reduced or deferred expenditures

where feasible. Important were reduced expenditures for machinery and buildings. A substantial increase in wage rates canceled attempts to reduce labor costs. Overall, cash expenditures increased 5 percent from the preceding year.

Net incomes to ranchers in this area vary considerably from year to year. During the last 10 years, they have ranged from approximately \$1,300 to \$9,000 per ranch. In 1967, they averaged about 13 percent below a year earlier and 4 percent below the average of the last 10 years. However because of the general increase in price level, the purchasing power of ranchers' incomes was considerably less than during the last 10 years. In general, 1967 was a disappointing year for Southwestern cattle ranchers. Range conditions, net production, production per man-hour of labor, and production per unit of input averaged lower in 1967 than in 1966, whereas operating expenses and total cost per unit of production averaged higher. Prices received advanced a little, while prices paid continued their upward trend and were around 3 percent higher than in 1966.

## SHEEP RANCHES

### Utah-Nevada<sup>3</sup>

Net ranch incomes on 2-band desert-operated sheep ranches in western Utah and east-central Nevada are highly variable. During the

<sup>3</sup> This series has been revised. The major changes are a small increase in the size of breeding herd and a change in land base. In the revised series, operators rent slightly less private grazing land, but more State land than in the former series. Land rented and the land base are representative of the typical unit of this size, rather than an average of all units as reported in the former

series. The land base now remains constant from year to year.

There are about 562,000 sheep in this area, slightly more than in the Southwestern area. The Southwest is larger geographically than the Utah-Nevada area and its sheep are operated almost wholly on private land and under fence. In the Utah-Nevada area, sheep are herded on public lands except for a small portion of the year when they are operated on private land. It is the largest migratory sheep-operated area in the United States. The typical operating unit is larger than in the Southwest. Approximately 61 percent of the sheep in the area are included in units of the size represented in this report.

last decade, net returns on these ranches have ranged from a low of approximately \$6,500 to a high of nearly \$18,900 per ranch, a range of about 290 percent. The highest income was obtained in 1967. This was around 26 percent higher than in 1966 and 38 percent higher than in 1957-59 (table 2).

Several factors combined to produce this record-high return. Net ranch production, which was record high, rose 19 percent above the 1957-59 average and slightly more than 8 percent above a year earlier. Range conditions in 1967, as measured by the index, were exceeded only by those in 1965 and were 6 percent above the 1957-59 average and nearly 12 percent above 1966. The combined index of prices received for sheep, lambs, and wool was also the highest in more than a decade, averaging 12 percent higher than in 1957-59 and about 4 percent above 1966.

Range conditions vary considerably in this arid area. In 1966, they were below normal and were lowest for the grazing season in August and September. In 1967, they were above average in almost the entire area, and were at their best at the marketing season. As a result, lamb and sheep weights at marketing time averaged approximately 4 percent higher in 1967 than a year earlier. Marketing weights of these animals have gradually increased in this area during the last quarter of a century, and in 1967, they reached a record high. Lambs' weights were nearly 15 percent higher and weights of range ewes, 7 percent higher than in 1957-59.

Wool clip per animal averaged around 10.6 pounds in 1967, the same as in 1966, but nearly one-half pound more than in 1957-59.

Although the breeding herd was slightly smaller in 1967 than a year earlier, the lamb crop was about 4 percent higher; and with the heavier marketing weights in 1967, the total hundredweight of lambs sold was approximately 10 percent greater than in 1966. Lambs from these ranches brought approximately \$22.60 per hundredweight in 1967, compared with \$22.40 in 1966. Gross receipts from lambs in 1967 exceeded those of 1966 by nearly \$2,600 per ranch. However, culling of ewes was much lighter in 1967, and ranchers ended the year with slightly larger breeding herds. Total hundredweight of ewes sold was about 70 percent of the quantity sold in 1966. Culled ewes sold for slightly more in 1967, but receipts were relatively small, about 2 percent of total cash receipts.

The total quantity of wool sold was virtually the same in 1966 and 1967, and about 8 percent greater than in 1957-59. However, wool sold from these ranches brought about 41 cents a pound in 1967, compared with 52 cents in 1966. This is the lowest price received since 1960. However, the Government wool-incentive payment per pound of shorn wool sold amounted to 25.5 cents in 1967, compared with 11.4 cents in 1966, and was slightly above the previous high in 1958. Total wool payments received under the Government program amounted to around \$7,350 per ranch in 1967. This was a record high and more than double the amount in 1966.

As a result of a substantial increase in net ranch production and Government payments, cash receipts per ranch in 1967 were the highest in more than a decade and around 7 percent higher than a year earlier.

Moderately higher prices paid for a slightly larger quantity of items and services purchased, increased cash expenditures less than 4 percent, or a little more than \$900 per ranch in 1967 compared with a year earlier. Outlays for labor are the largest single item of expense on these ranches. Two or three herders must be hired, with additional help required during the lambing, shearing, trailing, and marketing periods and during the peak crop planting and harvesting seasons. Expenditures for hired labor averaged between \$12,000 and \$13,000 per ranch. Rates paid to hired labor were slightly higher in 1967 than in previous years.

These sheep ranches are commonly known as "migratory" because their sheep are moved from one range to another during the year. Sheep are trailed or transported from spring-fall ranges (mostly privately owned) in the valleys and lower elevations to high-summer ranges on the national forest. Generally, after the lambs are "cut-out" for marketing, the herds are trailed or transported back to the spring-fall ranges and sometimes to glean crop aftermath. In the late fall, they are moved to the semi-desert winter ranges that are too dry for summer vegetation and have too little water for livestock at other seasons. The winter range is mostly controlled by the Bureau of Land Management and by the State. It is evident that these operators rely on public domain for most of their grazing. Only in times of heavy snow storms or excessively dry seasons is supplementary feeding of any magnitude used. A small quantity of hay, plus pellets or other concentrate feed is purchased to supplement feed produced on the privately owned irrigated land, referred to as base

feed land. In 1967, feed purchases and grazing fees at slightly higher rates than a year earlier increased cash expenditures for feed. Expenditures for numerous other items increased only slightly from 1966. With only a nominal increase in operating expenses and a fairly substantial increase in gross income, these ranchers had a relatively favorable year in 1967.

## Southwest

Net ranch incomes in 1967 on Southwestern sheep ranches were well below those of the previous 2 years and also the 1957-59 average (table 2). This decline was the combined effect of unfavorable weather, poor range conditions, lower production, and higher prices paid for a larger quantity of goods and services purchased.

The unfavorable weather and range conditions were particularly severe on the lamb crop. Lamb crop percentages were down sharply--76 percent in 1967, compared with 82 percent in 1966, a relatively favorable year. Market weights of lambs were also slightly lower than the record high in 1966. A decline in sheep numbers occurred on Southwestern sheep ranches in 1967 and continued to the end of the year.

Prices received for wool broke sharply in 1967 and were the lowest since 1958. However, substantially greater payments through the Government wool-incentive program enabled ranchers to recover most of the loss. Fleece weights in 1967 were comparable to those achieved in 1966. Prices received for wool in the Southwest were only a fraction of a cent above the U.S. average. This was in sharp contrast to 1966, when area wool prices were



Table 2.--Costs and returns, Western sheep ranches, 1966 and 1967

Item	Unit	Utah-Nevada			Southwest		
		1966	1967 1/	1966	1966	1967 1/	1967 1/
Land in ranch.....	Acre	12,300	12,300	13,620	13,620	13,630	
Livestock on ranch:							
Sheep.....	Number	2,420	2,395	1,278	1,278	1,214	
Ewes.....	do.	2,025	2,005	980	980	923	
Lamb crop.....	Percent	86	90	82	82	76	
Fleece weight.....	Pound	10.6	10.6	9.6	9.6	9.6	
Total ranch capital, Jan. 1.....	Dollar	212,240	207,330	254,950	254,950	260,110	
Land and buildings.....	do.	128,680	126,570	222,170	222,170	222,770	
Livestock.....	do.	69,090	65,480	26,230	26,230	29,950	
Machinery and equipment.....	do.	12,150	12,760	5,560	5,560	5,930	
Crops.....	do.	2,320	2,520	990	990	1,460	
Total cash receipts.....	do.	43,533	46,705	23,696	23,696	21,510	
Crops.....	do.	1,202	1,027	0	0	0	
Sheep and lambs.....	do.	25,210	27,435	12,763	12,763	9,953	
Wool.....	do.	12,927	9,996	5,491	5,491	4,611	
Wool payments.....	do.	3,306	7,352	1,387	1,387	3,208	
Other livestock and livestock products.....	do.	888	895	3,795	3,795	3,518	
Other, including Government payments.....	do.	0	0	260	260	220	
Value of perquisites.....	do.	836	928	941	941	962	
Inventory change:							
Livestock.....	do.	-662	656	-226	-226	-829	
Crops.....	do.	-73	279	274	274	-176	
Gross ranch income.....	do.	43,634	48,568	24,685	24,685	21,467	



Total cash expenditures.....	Dollar	:	28,721	29,650	12,303	13,163
Feed and grazing fees.....	do.	:	3,354	3,826	2,356	3,611
Livestock purchased.....	do.	:	1,600	1,840	1,032	926
Other livestock expense.....	do.	:	3,461	3,461	288	282
Crop expense.....	do.	:	216	227	7	6
Machinery purchased.....	do.	:	1,887	2,024	1,438	1,140
Other machinery expense.....	do.	:	1,698	1,768	1,388	1,445
Ranch buildings and fences.....	do.	:	560	425	700	500
Labor hired.....	do.	:	12,241	12,424	2,724	2,838
Taxes.....	do.	:	3,128	3,079	1,517	1,536
Other.....	do.	:	576	576	853	879
Inventory adjustment:		:				
Buildings and fences.....	do.	:	-25	120	-245	76
Machinery and equipment.....	do.	:	-25	-55	849	1,012
Gross expense.....	do.	:	28,671	29,715	12,907	14,251
Net ranch income.....	do.	:	14,963	18,853	11,778	7,216

Ranch production and price indexes (1957-59 = 100)

Net ranch production.....	---	:	110	119	120	92
Ränge condition.....	---	:	95	106	101	95
Prices received for products sold 2/.....	---	:	108	112	105	108
Prices paid, including wages to hired labor.....	---	:	121	124	123	128

1/ Preliminary. 2/ Including wool incentive payments.

Note: The information presented here is on an owner-operator basis primarily for comparability between types of ranches. Net ranch income is the return to operator and unpaid members of the family for their labor and management on the ranch and return to total capital. No allowance has been made for payment of rent, interest, or mortgage.

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below the U.S. average. In 1967, these ranchers received approximately 65.6 cents per pound of wool, including the wool-incentive payment. This compares with 55.9 cents in 1966.

In 1967, lamb prices were again disappointing to sheep ranchers, perhaps even more so than the low prices in 1966. The 1967 average price of 21.9 cents was less than the 1966 price of 22.5 cents, despite efforts of the industry throughout the United States to popularize lamb as a consumer product.

Cash receipts per ranch in 1967 were 9 percent below those received in 1966, with all categories showing reductions except wool payments under the Government incentive program. In an effort to maintain cash income in the tight credit situation of 1967, ranchers sold more than the usual number of ewes and a substantial inventory loss resulted. Gross income per ranch in 1967 was 13 percent below the income level of 1966.

These ranches are in the year-long grazing area and operate under fence. They use little, if any, public grazing land. Consequently, ranchers hire few herders and buy feed only to supplement their ranges when feed is scarce. Economics of size of herd relative to labor is not as important here as in areas where the use of public domain is extensive and sheep are not operated under fence. Nevertheless, feed and labor are the two major expense items. Feed outlays were particularly significant in 1967.

Cash expenditures were about 7 percent higher in 1967 than in 1966. Most of the rise was caused by larger outlays for feed early in the year, although higher prices paid for most items used in production contributed to higher operating costs. Some effort was made to reduce other expenditures and, as a result, livestock and machinery purchases declined. Total operating expenses in 1967 were 10 percent higher than in 1966. Average net incomes for these sheep ranchers were 39 percent below those in 1966.